

Q&A: How bankruptcy and evictions may impact residents and the business community in 2024

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VF LAW

Answers by Lisa Cancanon, VF Law

Lisa Cancanon is a bankruptcy attorney in VF Law's Lakewood, Colorado, office. She primarily concentrates her legal practice on collections, bankruptcy, foreclosures, covenant enforcement and evictions. Cancanon is admitted to practice law in Colorado and Pennsylvania. She holds a law degree from the University of Denver Sturm College of Law and a bachelor's degree from the University of Denver.

1. *What impact do you anticipate seeing from bankruptcies in 2024?*

Bankruptcies will rise in 2024. With the increase in bankruptcy filings, interest rates will start to decline, consumers will become more aware of spending beyond their means and lenders will become conscious about lending — which will negatively impact the economy.

2. Will evictions be a catalyst for problems or opportunities in the coming year and beyond? If so, what do you envision as the impact of evictions from either the commercial or residential space?

Evictions will be a catalyst for both problems and opportunities in the coming year and beyond. With regard to commercial space, an increase in evictions will lead to more vacancies, potentially leading to even more commercial bankruptcy filings. Regarding residential space, an increase in evictions will lead to an increase in supply and a decrease in demand. This will cause a reduction in rent, which will, in turn, favor renters.

3. Are there emerging trends in bankruptcy or evictions that residents or business owners should be aware of?

There is an increase in both bankruptcies and evictions.

4. Are you seeing an uptick in bankruptcy cases in Colorado? If so, why?

Although Colorado's economy is still strong, there's an increase in consumer bankruptcies in the state. This could be due to the rise of consumer debt and interest rate hikes. Further, there has been an increase in small-business bankruptcy filings. This could be due to increased interest rates, stricter lending standards and the termination of government programs that were once available to small businesses.

5. You have worked in covenant enforcement and eviction. Can you explain some typical situations and cases you come across?

The typical eviction situation is the failure of tenants to pay rent and/or stay longer than the lease. The residential landlord-tenant laws were reformed in 2021 and again in 2023, which has led to increased responsibilities for landlords and more rights for tenants.

As far as covenant enforcement, a typical situation is homeowners not following their covenant enforcement guidelines and/or policies and making improvements to their homes without the association's approval.